

FISCAL IMPACT STATEMENT ON BILL NO. **H.3503**

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TO:	The Honorable Daniel T. "Dan" Cooper, Chairperson, House Ways and Means Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Bryce Wilson		
DATE:	May 2, 2007	SBD:	2007150

AUTHOR:	Representative Govan	PRIMARY CODE CITE:	59-150-372
SUBJECT:	HOPE Scholarships		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
See Below

BILL SUMMARY:

This Bill provides that both HOPE and need-based scholarship recipients shall be eligible for an additional stipend if they are majoring in science or mathematics. Recipients must be at least a sophomore and may not receive the stipend for more than three years if in a four year program, or not more than four years if in a five year program.

EXPLANATION OF IMPACT:**Section 1 – (59-150-372)**

The Commission on Higher Education (CHE) estimates the impact of this section to be \$2,047,500 (525 students x \$3,900 adjusted award amount) the first year of implementation (sophomores only). Second year impact is estimated at \$4,095,000 (sophomores and juniors) while third year and annually thereafter impact is estimated at \$6,142,500 (sophomores, juniors and seniors). This assumes the intent of the legislation is to extend the HOPE scholarship beyond the freshman year for science and math majors who do not qualify for a LIFE scholarship.

Section 2 – (59-113-60)

The estimated annual impact of this section using one-half of the average need-based grant award amount for FY 2005-06 of \$378 is \$1,346,776 (3,563 students x \$378). The student estimate is based on fall 2005 need-based grant data with an estimated growth factor of 10% to account for students who are undecided or undeclared with regard to a major, but who may choose to major in one of these areas based on the additional aid available. If funding for need-based grants is not increased for this initiative the average per student award amount will decline.

Recapitulation

Total estimated impact is \$3,394,276 the first year; \$5,441,776 the second year; and \$7,489,276 the third year and annually thereafter assuming need-based funding would be adjusted for the additional stipend. **However, CHE has no data upon which to estimate the cost associated with those provisions of the Bill allowing students to qualify for the stipend for an additional year if enrolled in a five-year degree program.** Enactment would likely increase administrative responsibilities for the institutions for which there is no current estimate impact available. The initiative could be funded with State General Funds and/or Education Lottery funds.

Approved by:



Harry Bell
Assistant Director, Office of State Budget